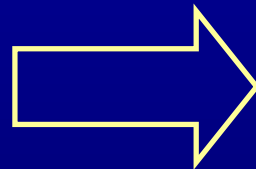


Rural-urban Migration and Poverty in Kenya: is Agriculture the Answer?

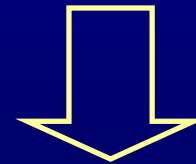
Maria Sassi
Dep. of Business
University of Pavia
e-mail: msassi@eco.unipv.it

Importance of the topic

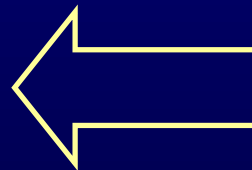
Rural-urban
migration



Sub-Saharan
Africa



Social, economic,
political problems
of major significance



Agrarian
countries

Theoretical literature (1/2)

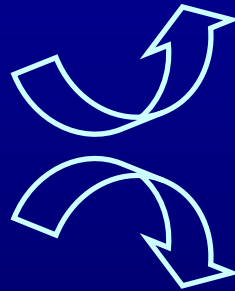
Dual economy
Models
(1950s-1960s)

Todarian
Frameworks
(1970s-1980s)

New Economics
of Labour
Migration
(form 1990s)

New Economics of Labour Migration (2/2)

Internal migration
and
rural development



Remittances allocation
in rural areas

Rural development
policies for poor hhs
without migrants



Agricultural
policies

MIGRATION POLICY GOAL
Accommodate migration
flows while preventing
the widening of rural
and urban imbalances

Focus of the analysis

Kenya

- Rural migrant: 70% of urban labour force;
- Specific policy interventions;
- Poverty: 54% & 80% in rural areas

Agriculture
Tech. efficiency ch.

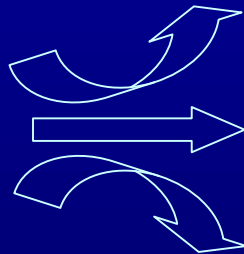
- The "growth sector" (24% GDP, 53% exports; 62% labour force);
- Increase in productivity.

CGE approach
2003 SAM

Impact of migration policies on income, output & employment in both urban and rural areas & sectors **SIMULTANEOUSLY**

Simulations

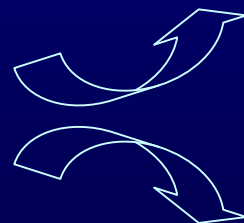
Rural-urban
migration



10% rural skilled to urban skilled
10% rural semiskilled to urban
semiskilled
10% rural unskilled to urban
unskilled



Technical
efficiency change



10% increase in efficiency of
agricultural production function
50% increase in intermediate
input specific efficiency in
agricultural production function
(agricultural, food industry, other
industry and service inputs)

Rural - urban migration

No significant impact

10% rural
migration:

Impact on
income
(% change)

-

Households by
expenditure
decile

(I=low; X=high)

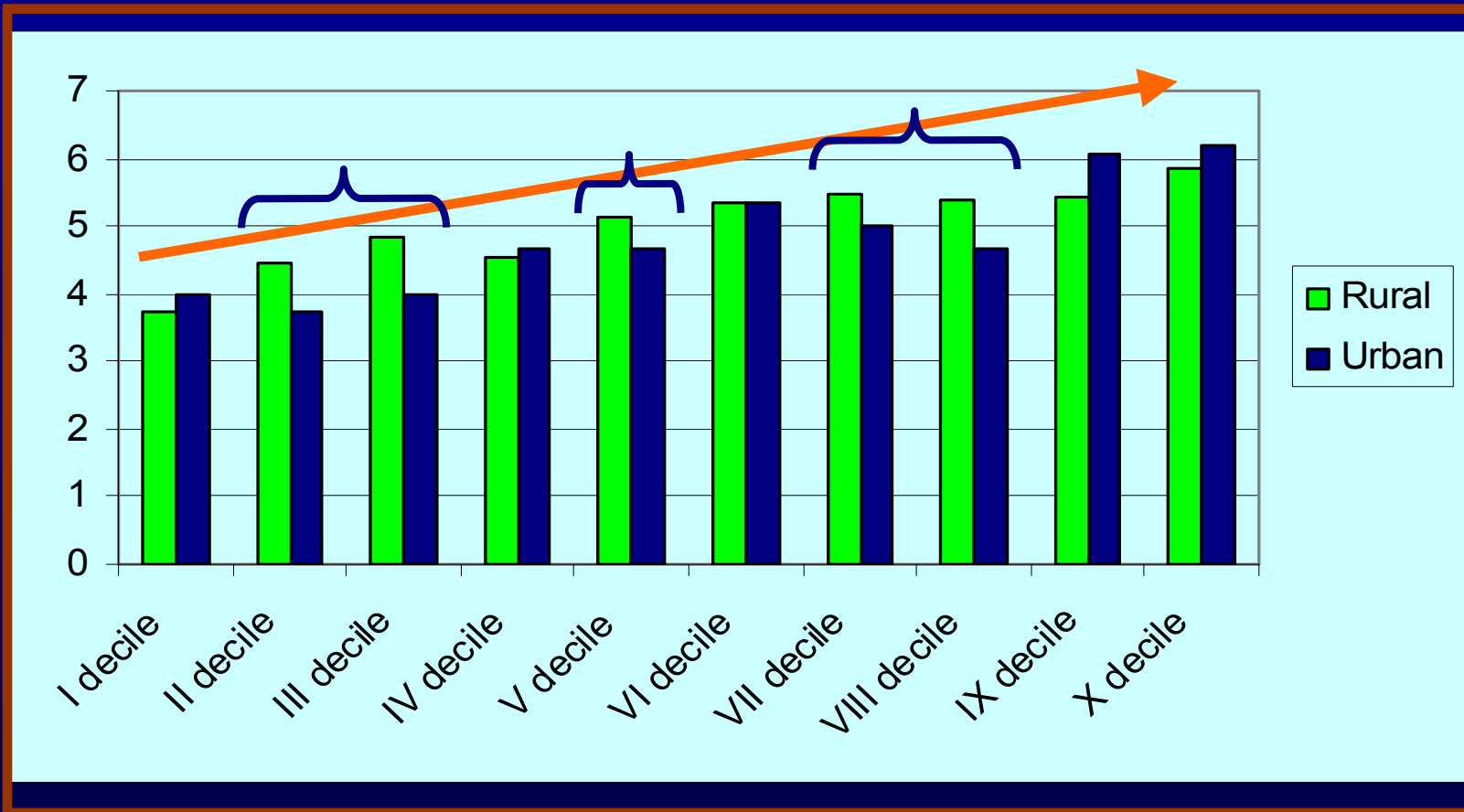
	Rural to urban		
	Skilled labour	Semiskilled labour	Unskilled labour
HRU-I decile	0.001	0.001	0.001
HRU-II decile	0.003	0.003	0.004
HRU-III decile	0.004	0.003	0.008
HRU-IV decile	0.004	0.003	0.007
HRU-V decile	0.005	0.004	0.009
HRU- VI decile	0.004	0.004	0.011
HRU-VII decile	0.004	0.000	0.012
HRU-VIII decile	0.005	0.004	0.013
HRU-IX decile	0.005	0.003	0.013
HRU- X decile	0.005	0.003	0.016
HUR- I&II decile	0.005	0.003	0.009
HUR- III decile	0.004	0.003	0.006
HUR-IV decile	0.005	0.003	0.011
HUR-V decile	0.005	0.005	0.987
HUR- VI decile	0.006	0.004	0.014
HUR- VII decile	0.006	0.004	0.013
HUR- VIII decile	0.005	0.004	0.012
HUR- IX decile	0.042	0.040	0.052
HUR- X decile	0.005	0.002	0.021

Technical efficiency change

10% increase in efficiency of
agricultural production function

10% increase in efficiency of agricultural production function

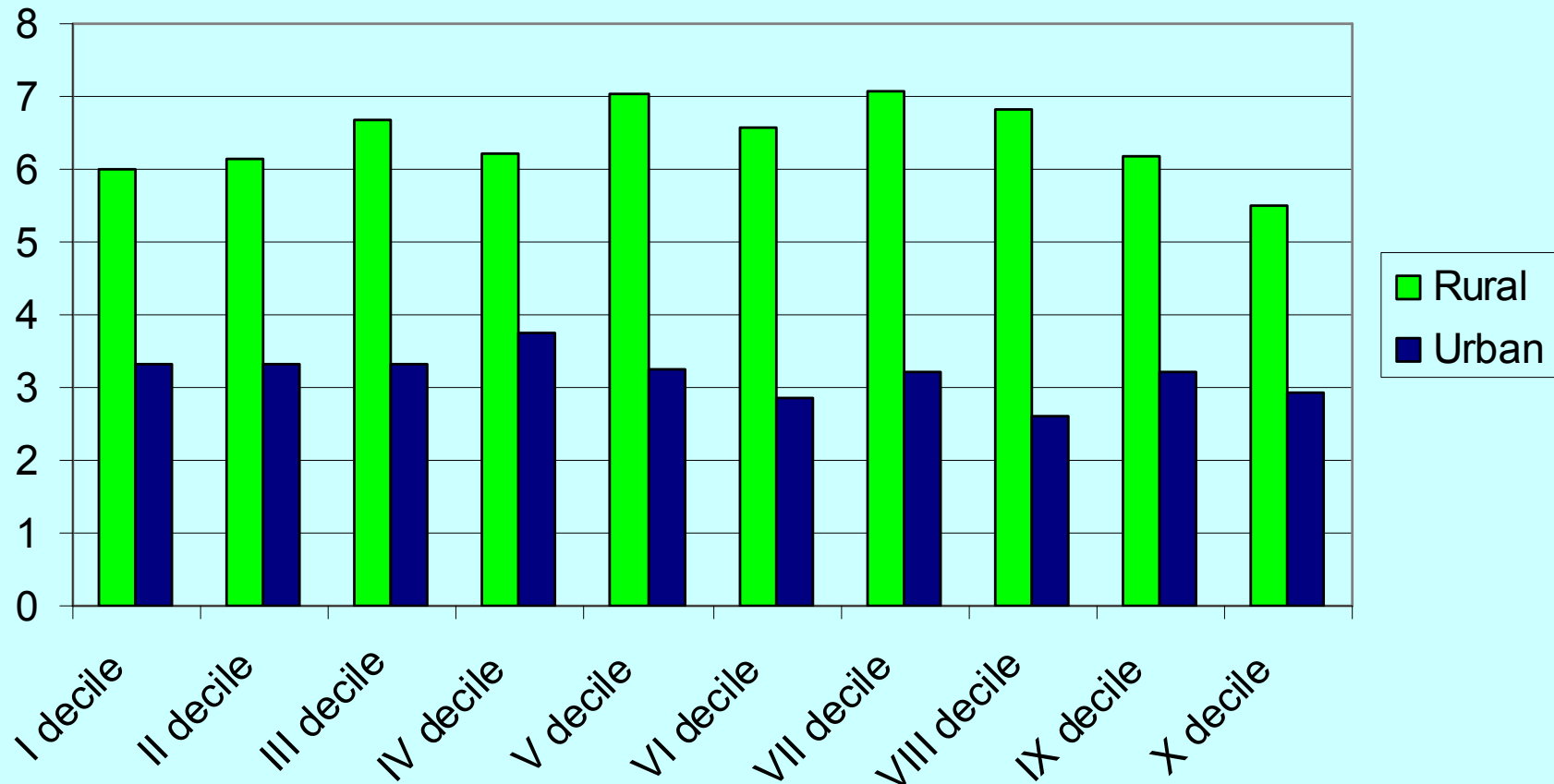
Impact on income - current prices (%)



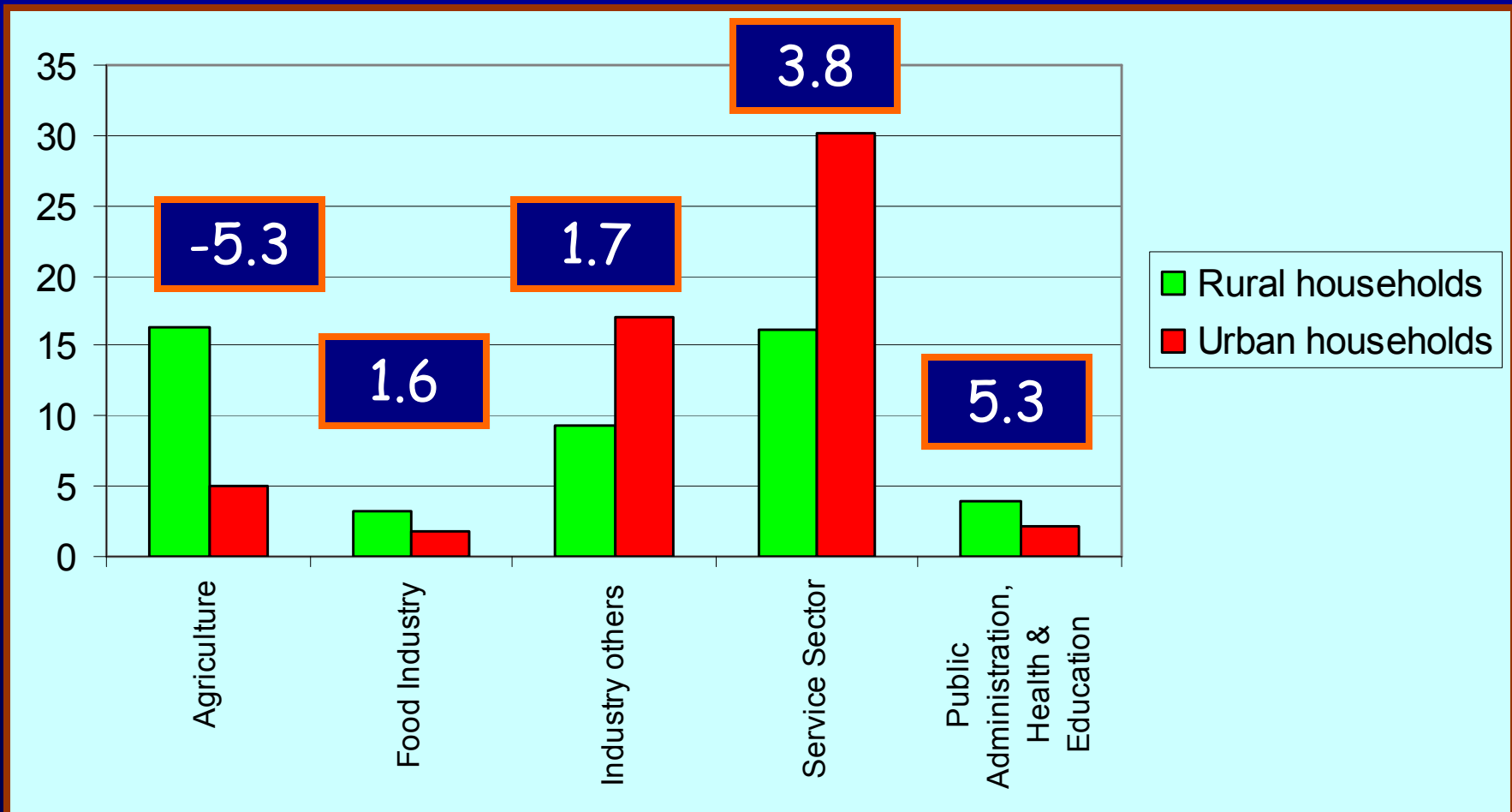
Households by expenditure decile - (I=low; X=high)

10% increase in efficiency of agricultural production function

Impact on consumption - constant prices (%)



Share of households consumption by product



10% increase in efficiency of agricultural production function

Impact on macroeconomic indicators (%)

	Current Pr.	Constant Pr.
GDP at factor cost	6.63	0.18
net indirect taxes	3.86	1.40
Final use	5.23	2.89
Exports	4.93	5.40
Imports	2.16	2.16
GDP at market prices	6.31	3.80
Price index	1.02	

10% increase in efficiency of agricultural production function

Impact on gross product at factor costs (%)

	Current Pr.	Constant Pr.
Agriculture	2.54	8.78
Food Industry	3.88	1.96
Industry others	2.83	-0.98
Service Sector	6.06	0.84
Public Administration, Health & Education	6.12	0.25

10% increase in efficiency of agricultural production function

Impact on exports (%)

	<u>Current Pr.</u>	Constant Pr.
Agriculture	12.55	19.40
Food Industry	-0.93	-2.76
Industry others	0.94	-2.78
Service Sector	-1.25	-6.09

10% increase in efficiency of agricultural production function

Impact on wages (%)

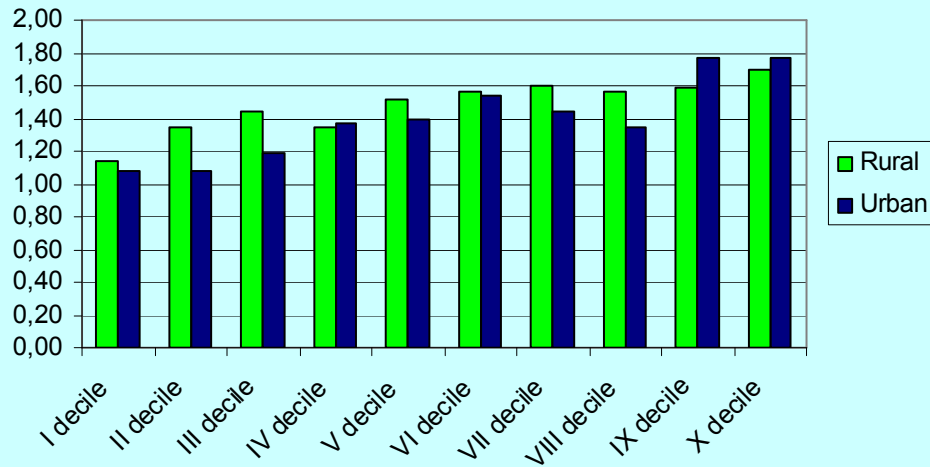


Technical efficiency change

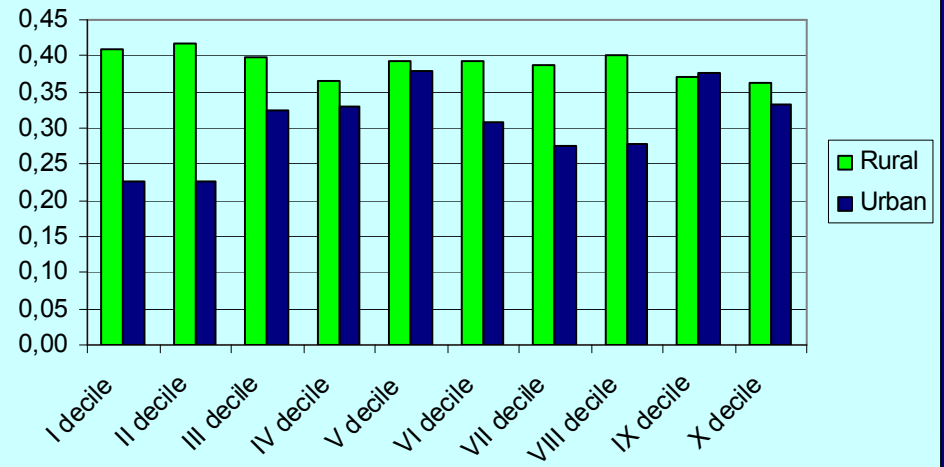
50% increase in
intermediate input specific
efficiency in agricultural
production function

Impact on income (% change)
Households by expenditure decile
(I=low; X=high)

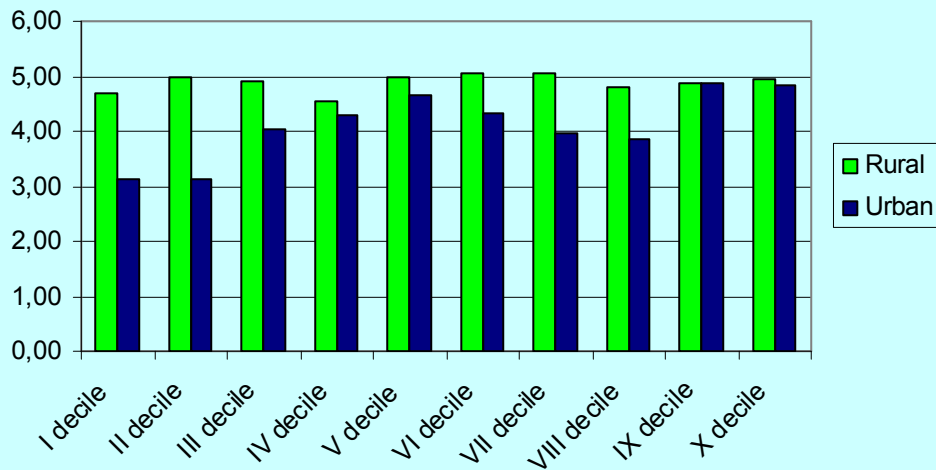
Agricultural inputs



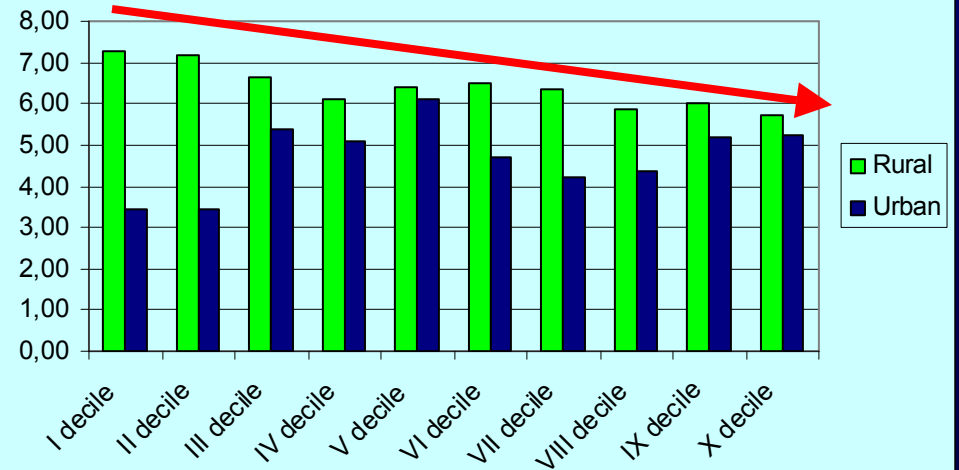
Food industry inputs



Industry other inputs



Service inputs



Impact on macroeconomic indicators - current prices (% change)

	50% increase in intermediate inputs efficiency in agricultural prod. function			
	Agriculture	Food Industry	Industry others	Service Sector
GDP at factor cost	1.92	0.40	5.49	6.04
net indirect taxes	0.99	-0.12	1.39	3.29
Final use	1.50	0.28	4.20	4.91
Exports	1.17	0.14	0.32	2.70
Imports	0.46	0.04	-0.58	1.28
GDP at market prices	1.81	0.34	5.01	5.72
Price index	1.01	1.00	1.03	1.02

Impact on gross product at factor costs - current prices (% change)

	50% increase in intermediate inputs efficiency in agricultural prod. function			
	Agriculture	Food Industry	Industry others	Service Sector
Agriculture	-1.66	0.10	1.76	3.15
Food Industry	1.12	-0.45	3.05	3.73
Industry others	0.81	0.15	0.01	2.25
Service Sector	1.72	0.32	4.54	1.96
Public Administration, Health & Education	1.67	0.18	3.59	4.85

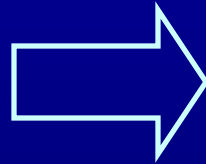
10% increase in intermediate service input efficiency in agricultural production function

Impact on wages (%)



Conclusions (1/3)

Role of rural-urban migration



No impact on income and development

Macro analysis

integration

Micro analysis

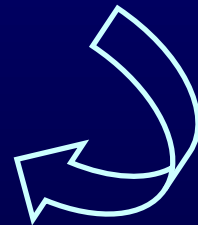
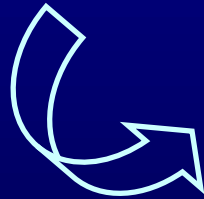
Conclusions (2/3)

Key role of
technical progress

Support to overall
economic development

Rich-poor and
rural-urban
inequalities?

Increase in
households welfare



Conclusions (3/3)

